GLOBAL NEWS LINE

MEXICO

The Mexican demand for lumber is led by the construction industry, even though building techniques differ from the United States. Interior decoration, furniture, and accessories are also large growth markets. Windows, doors, plywood, poles, and posts are among the best prospects for U.S. exports. Domestic production is estimated at 10 million cubic meters annually, some of it harvested illegally, and includes temperate and tropical hardwood as well as softwood. Structural bottlenecks, limited funding, and obsolete methods hamper expansion.

The United States accounts for 70 percent of the lumber import market in Mexico, followed by Chile, Indonesia, Canada, and Brazil. Several countries have significant investments in Mexico's production of wood products. Growth of the import market is limited by a flat overall demand, the small size and undercapitalization of many importers, and recent difficulties in the construction sector. The materials handling industry offers potential for expansion and new applications, and the textile, agricultural, and chemical sectors present additional opportunities.

Distribution is usually through local representatives selling to major distributors or directly to the construction companies. Contacts within the public construction sector are essential, considering the large demand for wood. Several promotional opportunities are available throughout the year in the country's major distribution centers.

COSTA RICA

Demand for medical equipment in Costa Rica is expected to increase in the next three to five years, due to the need for hospitals to replace obsolete equipment. The slowdown in both the Costa Rican and U.S. economies in 2001 caused a decline of 29.4 percent in imports to about $11.5 million for the year. Imports increased to almost $17 million in 2002, representing a 48-percent increase over 2001. Market growth for the 2003–2005 period is expected to average approximately 5 to 7 percent annually. The United States has the largest market share in this sector.

The consensus within the local industry is that the U.S. market share for medical equipment for 2003–2005 is expected to grow at an annual rate of 3 to 5 percent. In 2002, the U.S. market share of medical equipment was 48.5 percent. Industry sources point out that despite economic constraints, the Costa Rican government's efforts are focused on improving CCSS (national social security system) services and replacing obsolete equipment in its hospitals. A newly elected government took office in May 2002. In August 2003, the Costa Rican president established a competitiveness council, whose mission was to analyze each sector of the economy, including the medical sector. The council determined that the medical sector was lagging, due to obsolete facilities and equipment.

There is no significant local production of medical equipment in Costa Rica. Major U.S. competitors in this sector are from Germany, Japan, Italy, Mexico, and Spain. High quality, reliability, durability, favorable prices, good maintenance service, and timely delivery are the main factors for increasing U.S. sales in the medical sector. Although import duties are high for medical equipment, registered importers of this kind of equipment can obtain import tax relief from the Costa Rican government.

BRAZIL

Five years after the beginning of privatization, the Brazilian railroad transportation system is undergoing reorganization to restore confidence in the infrastructure of this sector. The modernization and recovery of the railroad network and the development of multimodal logistics centers represented major steps to make the system viable. After five years in the hands of private enterprises, Brazilian railroad companies are becoming more complex and sophisticated. Companies that in the past were offering port-to-port services now are able to offer door-to-door services utilizing sophisticated storage, materials handling, and transfer systems.

The railroad companies are experiencing drastic changes and reviewing their concessions with the government to adapt to more realistic scenarios. Statistics from the Brazilian Cargo Handling and Logistics Association show that costs related to logistics, transportation, cargo handling, and storage represented around 17 percent of GNP, or $452 billion in 2002. Of this figure, transportation costs alone represented $33 billion. According to a recent plan presented by the executive secretary of the Ministry of Transportation, Keiji Kanashiro, the Brazilian federal government's plan for 2004–2007 includes projects that will require investments of approximately $3.7 billion in transportation infrastructure. Highways should get investments of approximately $2.2 billion, railroads $770 million, waterways $280 million, and ports $470 million.

Rail transportation represents a solution for companies seeking ways to improve customer service and reduce costs. Transportation companies from different sectors are integrating efforts in order to provide the comprehensive services demanded by industry. Presently, the Brazilian sectors that offer best prospects for American exporters are highways, railways, and waterways.

FRANCE

Estimated at $48.2 billion, the French IT market ranks third in Europe by value after that in Germany and the United Kingdom, with 17 percent of the overall IT market. France is also the leading European nation in IT software services, with $28.5 billion in sales in 2002.

The French package software market is valued at $7.6 billion. The year 2002 represented one of the most challenging years for the IT industry since the early 1990s. During this period, demand for software applications dropped 3 percent. Demand is expected to grow by 5 percent in 2003, as long as a forecasted recovery in the economy triggers public and private sector investments in IT.

Packaged software is a key factor in making French corporations more competitive, especially small and medium-sized firms, which purchased $400 million worth of software packages in 2002. Demand for packaged software covers primarily applications for networking, business software, multimedia, and security.

French software services firms rank first in Europe for the volume and scope of services they provide. Their offerings include sophisticated software packages that respond to the needs of a wide variety of sectors, including finance, defense, aerospace, and manufacturing. However, France imports 70 percent of its packaged software, primarily from the United States, but also from Germany, the United Kingdom, the Netherlands, and Italy.

American firms control the French packaged software market with products for database, spreadsheet, CAD/CAM, word processing, groupware, and Internet applications. New distribution methods have further enhanced the position of U.S. firms, which have very successfully offered their products on a subscription basis.

Thanks to their leading position in IT, American software firms stand to benefit greatly from several trends affecting the French market, including a liberalized market for telecommunications, the rising popularity of e-commerce, the availability of cutting-edge wireless solutions, and a growing concern for systems security.

ISRAEL

Israel has one of the highest proportions of dentists to the general population in the world, with some 8,000 dentists currently practicing, and about 300 new ones joining the profession each year. The market is driven by the private sector rather than by the public health system, with limited government cost regulatory involvement. The dental equipment market is estimated at $60 million, approximately half of which derives from local production and half from imports. U.S. exports of dental equipment and supplies to Israel totaled $12 million in 2002, ranking Israel 13th on the list of export markets for U.S. dental products. Israel is the largest trading partner for U.S. dental supplies in the Near East. This market is highly receptive to U.S. dental products and technology and presents U.S. exporters with good prospects. Opportunities exist for U.S. dental equipment, materials, and services, including educational services.

Unlike other health services, Israel's national health legislation does not cover dental care except for general diseases that affect oral health. Some special groups, such as needy and elderly people, active military personnel, and school age children, receive free basic dental treatment in public dental clinics. Public services include only very basic dental care treatment and do not include dental reconstruction or implants. The majority of the population sees a dentist on a private basis. Private practices are managed by independent dentists and by two of the four HMOs. Currently, only about 10 to 15 percent of the population is covered by private dental insurance, either independently or through their employers. Many Israelis rely on private clinics for quality dental care, and many opt to pay out of pocket for services rather than acquire dental insurance. Although highly competitive, the market is dynamic and highly receptive to U.S. products and technologies. There are good opportunities for U.S. exporters of dental equipment and services. Israeli dental schools have few places available each year, and a good number of Israeli students apply to schools in other countries. There are opportunities for American dental schools with undergraduate and postgraduate programs to expand their recruitment efforts.

RUSSIA

Russia inherited from the Soviet Union one of the world's largest, integrated petrochemical industries. By the mid-1990s, the industry had disintegrated to the point where separate enterprises were only operating at 20 to 30 percent of total capacity. From a leading position in world chemical production, Russia ended up losing 50 to 80 percent of its output of a variety of products. In 1998, for example, polymer film production was just 4 percent of the 1988 level.

After 10 years of decline and disintegration, midstream industry and company managers finally realized the need for vertical integration among regional and interregional groupings, particularly in the processing of hydrocarbons.

Although the trend is toward integration, concurrent with merger and acquisition fever, there are still substantial negative conditions in the Russian petrochemical industry, including owners with little experience in the industry, mismanagement, inappropriate company and industry structures, and a lack of marketing know-how. Particularly damaging were the many hasty acquisitions of new assets and consequent misguided diversification rather than focus on modernization and efficiency of existing assets.

Major concerns in the industry include insufficient raw materials, equipment obsolescence, insufficient processing sophistication, relatively low levels of automation and integrated process-control systems, and distortions in price and taxation policies.

NEED MORE DETAIL?
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